



Daily Oil Market Comment

29/10/04

Oil prices ended down again after an intraday rollercoaster ride to have the largest 2 day decline in oil prices in 19 months. WTI prices initially fell to \$51.29/bbl before rising to \$52.80/bbl then falling back down to \$50.92/bbl. The sell off remains a combination of traders selling following crude stock builds in the US and China's decision to increase interest rates 0.25 basis points...the first interest rate increase in 9 years...which some people think will slow down oil consumption. To put it all into perspective, crude stocks whilst rising are still below last year, distillate stocks are very low versus last year and 5 year average and the interest rate rise in China is very small and unlikely to have that much of an impact in consumption.

Singapore prices fell \$2.23/bbl in line with crude at the time with traders cutting their length. The physical markets remain quiet and well offered but not aggressively so. Kerosene is still being supported by expected demand in Japan. Prices are expected to drop \$1.20/bbl this morning.

Closing Prices Thursday October 28, 2004:

WTI	\$50.92/bbl	-\$1.54/bbl
Brent	\$48.37/bbl	-\$1.08/bbl
IPE Gasoil	\$462.75/t	-\$8.50/t = -\$1.14/bbl

Asian Day Market Movement

Oil prices continued their slide during Asian trading as traders covered their length although prices were off their lows of the day. Prices dropped suddenly overnight following release of US inventory data that should a larger than expected build in crude stocks although the distillates showed a larger than expected draw. Due to the low distillate stocks, prices are expected to rise again. Technically the market has broken the down trend and may ease down to \$50.75 for WTI. The market needs to close above \$53.50 to get back to the uptrend.

Singapore prices were lower today as swaps values came off but not as much as crude futures. The swaps market remain quite well bid on expectations of the market turning back up. The physical markets were quiet although well offered, the prices were not aggressively offered or bid.

Prices As At 5:30pm Singapore Time Thursday October 28, 2004:

WTI	\$51.95/bbl	-\$0.51/bbl
Brent	\$48.87/bbl	-\$0.58/bbl
IPE gasoil	\$459.00/t	-\$12.50/t = -\$1.68/bbl
Singapore Kero	\$60.90/bbl	-\$2.05/bbl